

Press Memorandum

Office of the Governor

June 18, 1965

Governor Connally today vetoed House Bill No. 532, by George and Garrison. The text of the veto message is as follows:

At the present time, Article 12.13 of the Vernon's Civil Statutes states that the State has a prior lien on corporate property for all franchise taxes and penalties without reference to any mortgagee, holder of a deed of trust, purchaser, pledgee or judgment creditor which might acquire title or any other right or interest before the notice of the franchise tax lien has been filed and recorded.

This bill would eliminate the prior lien privilege and make all franchise tax liens subject to the limitations of Article 1.07 of the Vernon's statutes. Article 1.07 would, in essence, make any lien filed by the Franchise Tax Division ineffective because this statute states that liens against real estate shall not be valid or effective against any mortgagee, holder of a deed or trust, purchaser, pledgee or judgment creditor acquiring title, lien or other right or interest before such notice has been so filed and recorded.

Under existing law, some cases involving franchise tax liabilities require the Comptroller to invoke a tax lien in order to recover delinquent franchise taxes. In some tax cases, this can be the only method available to the Comptroller in the enforcement of this law. This bill would prohibit such procedure.

It is my opinion that this bill goes contrary to sound tax administration and enforcement procedures.

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